



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 6, 2008

### **S.J. Res. 28**

#### **A joint resolution disapproving the rule submitted by the Federal Communications Commission with respect to broadcast media ownership**

*As ordered reported by the Senate Committee on Commerce, Science,  
and Transportation on April 24, 2008*

S.J. Res. 28 would disapprove the rule adopted by the Federal Communications Commission (FCC) on December 18, 2007, ending a ban on common ownership of newspaper and broadcast outlets in the same market (also known as cross-ownership). The new rule generally allows a newspaper in any of the nation's 20 largest media markets to own one television station or one radio station.

S.J. Res. 28 would invoke a legislative process established by the Congressional Review Act (Public Law 104-121) to disapprove the cross-ownership rule. If S.J. Res. 28 is enacted, the published rule would have no force or effect. Based on information from the FCC, CBO estimates that voiding this rule would have no effect on the federal budget.

S.J. Res. 28 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

By voiding the FCC's cross-ownership rule and reinstating the ban on common ownership of newspaper and broadcast outlets, the bill would impose a private-sector mandate on companies that wish to own a newspaper and a television or radio station in a single market area. By law, the FCC bases each decision to grant a broadcast license on the determination of whether those actions will serve the "public interest" among other criteria. The cross-ownership rule changes the approval process for obtaining broadcast licenses in some cases because it would allow the FCC to presume that such mergers, under the circumstances specified in the rule, are in the public interest.

Under the ban of cross-media mergers that the legislation would reinstate, companies could apply for a license for such a merger as long as they make the case that waiving the ban was in the public interest. According to some industry experts, however, fewer such mergers are likely to occur under the ban than would occur under the cross-ownership rule. The cost to the private sector of the mandate would be the incremental cost of applying for a license

(because the waiver process is more costly), plus any forgone net profit attributable to the cross-media ban. CBO has no basis for estimating those costs. CBO, therefore, cannot determine whether the cost of the mandate would exceed the annual threshold established in UMRA for private-sector mandates (\$136 million in 2008, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and Jacob Kuipers (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.